



To: All HOME & CDBG Recipients & CHDOs
From: IHFA Community Development Department
Date: May 17, 2001
Re: **Revised: Allowable Pre-Agreement Costs**

Notice: FSP-01-11

In an effort to improve the implementation timetable for federally funded projects, the Indiana Housing Finance Authority (IHFA) will allow applicants for funds from the HOME Investment Partnerships Program (HOME) and the Community Development Block Grant Program (CDBG) to incur certain costs prior to receipt of a grant or loan from IHFA, as indicated below.

Please note that any costs incurred prior to receiving an award from IHFA are incurred at the applicant's risk. Pre-agreement costs incurred for projects that do not receive funding will not be reimbursed by IHFA.

Costs for preparation of a grant or loan application are not eligible for reimbursement under the terms of this memo.

CHDO Works Awards

Community Housing Development Organizations (CHDOs) receiving a CHDO Works award may request reimbursement for any expense eligible under the CHDO Works program incurred on or after the date the IHFA Board of Directors approved the award.

Foundations Awards

All costs that are eligible for reimbursement under the Foundations program may be incurred prior to grant execution by the applicant, subrecipient of the applicant, or professional administrator procured by the applicant. Any pre-agreement cost incurred up to six months prior to the initial application date will be valid for a period of one year from the date of such application.

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Housing from Shelters to Homeownership Awards (HSH)

The following costs may be incurred by the applicant, subrecipient of the applicant, or a professional administrator procured by the applicant:

- 1. Environmental Review**
- 2. Program Delivery Costs** – engineering/architectural; plans, specifications, and work write-ups; inspections; cost estimates; building permits; demolition permits; credit reports; title searches; recording fees; private lender origination fees; appraisals; legal and accounting fees; client intake; affirmative marketing; fair housing education; impact fees; lead hazard testing; and lead-based paint training
- 3. Acquisition of a property to be assisted with federal funds** – You must have published and received environmental release of funds before proceeding with a property acquisition. In order to reduce risk to the applicant or subrecipient, IHFA encourages organizations to only utilize this option when there is an urgent need to purchase the property.

HSH applicants have the following options with regards to pre-agreement costs if the project is funded by IHFA:

1. The costs may be reimbursed from the CDBG or HOME grant given that all federal requirements were adhered to related to the costs incurred and any procurement of a grant administrator.
2. Any of the three identified costs that are donated or paid from local funds may count towards the local leverage requirement under the CDBG program.
3. Program delivery costs or acquisition costs donated or paid from local funds may count towards the local match requirement under the HOME program.

Generally, any pre-agreement cost incurred up to six months prior to the initial application date will be valid for a period of one year from the date of such application. However, HSH recipients of HOME funds for a project previously receiving a CHDO predevelopment or seed money loan will be allowed to request a drawdown to repay their loan regardless of the timing of the predevelopment activities.

